

FRANCIS MARION UNIVERSITY

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND
*GOVERNMENT AUDITING STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2020

FRANCIS MARION UNIVERSITY

FOR THE YEAR ENDED
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Members of the Board of Trustees
of Francis Marion University
Florence, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of **Francis Marion University** (the "University"), a component unit of the State of South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the Francis Marion University Education Foundation, Inc., as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Francis Marion University Education Foundation and Francis Marion University Development Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundations or that are reported on separately by those auditors who audited the financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

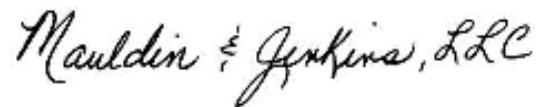
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly prominent.

Columbia, South Carolina
September 17, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

**To the Members of the Board of Trustees
of Francis Marion University
Florence, South Carolina**

Report on Compliance for Each Major Federal Program

We have audited **Francis Marion University's** (the "University"), a component unit of the State of South Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

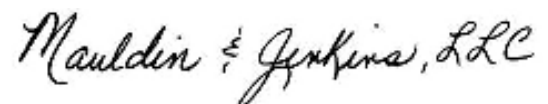
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Francis Marion University as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated September 17, 2020, which contained unmodified opinions on those financial statements and which refers to the work of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina

March 16, 2021, except for our report on the schedule of expenditures of federal awards, for which the date is September 17, 2020

FRANCIS MARION UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDED JUNE 30 , 2020

Federal Grantor/Program Title	Federal CFDA Number	Grant/Contract Number	Total Expenditures
Direct Programs:			
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant	84.007	P007A173784	\$ 191,585
Federal Direct Student Loans - 2020	84.268	P268K183163	25,904,699
Federal Work Study Program - 2020	84.033	P033A173784	148,997
Federal Perkins Loan Program - Federal Capital Contributions	84.038	P038A053784	1,403,991
Federal Pell Grant Program - 2020	84.063	P063P173163	8,869,990
Federal Pell Grant Program - 2019	84.063	P063P163163	90,789
Total U.S. Department of Education			<u>36,610,051</u>
U.S. Department of Health and Human Services			
Nursing Faculty Loan Program	93.264	EO1HP30339	203,604
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	T08HP30146-02-00	585,076
Total U.S. Department of Health and Human Services			<u>788,680</u>
Total Student Financial Assistance Cluster			<u>37,398,731</u>
U.S. Department of Education			
COVID-19 Higher Education Emergency Relief Funds- Students (CARES Act)	84.425E	P425E200234	1,897,160
COVID-19 Higher Education Emergency Relief Funds- IHE/Institution (CARES Act)	84.425F	P425F200573	2,070,569
U.S. Department of Health and Human Services			
Advanced Nursing Education Workforce	93.247	T94HP30907-01-00	42,990
Nursing Workforce Diversity	93.178	D19HP30845-01-00	433,932
U.S. Department of Veterans Affairs			
Post-9/11 GI Bill - Chapter 33 - Veterans Benefit Administration	64.028	36-0137-0-1-702	447,946
National Science Foundation			
Education and Human Resources R&D	47.076	1524493	1,955
Total Direct Programs			<u>42,293,283</u>
Indirect Programs:			
National Aeronautics and Space Administration			
Passed through The College of Charleston Education	43.008	NNX15AL49H	1,603
U.S. Department of Health and Human Services			
Passed through University of South Carolina Biomedical Research and Research Training R&D	93.859	5P20GM103499-17	16,031
Passed through SC Developmental Disabilities Council Developmental Disabilities Basic Support and Advocacy Grants	93.630	07-21-0001	3,431
Passed through SC DHHS Purchase and Provision of Medical Assistance-Year 5	99.999	A201911073A	1,759,811
Total Indirect Programs			<u>1,780,876</u>
Total Federal Assistance			<u><u>\$ 44,074,159</u></u>

FRANCIS MARION UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Francis Marion University and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

Expenditures for student financial aid programs include the federal share of students' Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work Study (FWS) earnings, certain other federal financial aid for students and administrative cost allowances, where applicable. The University elected not to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 – LOAN PROGRAMS

The Direct Loan Program provides loans to students and their parents. The loans are made directly from the federal government; therefore there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

Direct Student Loan - Subsidized	\$ 7,183,397
Direct Student Loan - Unsubsidized	12,572,388
PLUS	<u>6,148,914</u>
Total	<u><u>\$ 25,904,699</u></u>

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$1,142,530 as of June 30, 2020. The expenditures for June 30, 2020 are calculated as follows:

June 30, 2019 loan balance	\$ 1,403,991
Current year loans made	<u>-</u>
Total	<u><u>\$ 1,403,991</u></u>

FRANCIS MARION UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

The Nurse Faculty Loan Program is administered directly by the University and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Nurse Faculty Loan Program was \$171,709 as of June 30, 2020. The expenditures for June 30, 2020 are calculated as follows:

June 30, 2019 loan balance	\$ 156,692
Current year loans made	<u>46,912</u>
Total	<u><u>\$ 203,604</u></u>

FRANCIS MARION UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified?

___ Yes X None Reported

Type of auditor's report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)?

___ Yes X No

FRANCIS MARION UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS (CONTINUED)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grant
84.268	Federal Direct Student Loans
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
93.264	Nursing Faculty Loan Program
93.925	Scholarships for Health Profession Students from Disadvantaged Backgrounds
84.425E	COVID-19 Higher Education Emergency Relief Funds – Aid to Students (CARES Act)
84.425F	COVID-19 Higher Education Emergency Relief Funds – IHE/Institution (CARES Act)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.